

# **Western Area Power Administration**

**Department of Energy**  
**FY 1998 Budget Request to Congress**  
(discretionary dollars in thousands)

	FY 1996 Current Appropriation	FY 1996 Comparable Appropriation	FY 1997 Current Appropriation	FY 1997 Comparable Appropriation	FY 1998 Request
<b>Power Marketing Administrations:</b>					
Alaska Power Administration					
Alaska power administration	4,245	4,245	4,000	4,000	1,000
Transition and termination	5,500	5,500	—	—	—
Total, Alaska Power Administration	9,745	9,745	4,000	4,000	1,000
Southeastern power administration	29,851	29,851	27,445	27,445	16,222
Southwestern power administration	30,702	30,702	27,804	27,804	26,500
Western Area Power Administration					
Western area power administration	275,939	276,282	248,691	248,691	229,964
Transfer of current authority from DOI	4,556	4,556	3,774	3,774	—
Total, Western Area Power Administration	280,495	280,838	252,465	252,465	229,964
Falcon & Amistad Operating & Maintenance Fund	1,000	1,000	970	970	1,065
Colorado River Basin Power Marketing Fund					
Spending authority from offsetting collections	123,276	123,276	120,431	120,431	124,786
Offsetting collections	-123,276	-123,276	-130,431	-130,431	-140,884
Total, Colorado River Basin	—	—	-10,000	-10,000	-16,098
Subtotal, Power Marketing Administrations:	351,793	352,136	302,684	302,684	258,653
Use of prior year balances	-35,210	-35,210	-68,789	-68,789	-21,630
Total, Power Marketing Administrations	316,583	316,926	233,895	233,895	237,023
<b>Bonneville Power Administration (non-add)</b>					
Budget authority	(-194,000)	(-194,000)	(-14,000)	(-14,000)	(-41,000)
Capital obligations	(161,000)	(161,000)	(277,000)	(277,000)	(253,000)

**DEPARTMENT OF ENERGY  
FY 1998 CONGRESSIONAL BUDGET REQUEST  
WESTERN AREA POWER ADMINISTRATION  
CONSTRUCTION, REHABILITATION, OPERATION AND MAINTENANCE**

**PROPOSED APPROPRIATION LANGUAGE**

For carrying out the functions authorized by title III, section 302(a)(1)(E) of the Act of August 4, 1977 (42 U.S.C. 7107, et seq.), and other related activities including conservation and renewable resources programs as authorized, including the replacement of not more than two helicopters through transfer and/or exchange/sale, and official reception and representation expenses in an amount not to exceed \$1,500, [\$193,582,000] \$208,334,000, to remain available until expended, of which [\$185,687,000] \$202,097,000 shall be derived from the Department of the Interior Reclamation Fund: *Provided*, That of the amount herein appropriated, \$5,432,000 is for deposit into the Utah Reclamation Mitigation and Conservation Account pursuant to title IV of the Reclamation Projects Authorization and Adjustment Act of 1992[: *Provided further*, That the Secretary of the Treasury is authorized to transfer from the Colorado River Dam Fund to the Western Area Power Administration \$3,774,000 to carry out the power marketing and transmission activities of the Boulder Canyon project as provided in section 104(a)(4) of the Hoover Power Plant Act of 1984, to remain available until expended].

**EXPLANATION OF CHANGE**

Adds language to authorize acquisition of not more than two helicopters for replacement. Deletes language for transfer of funds from the Colorado River Dam Fund in FY 1998 because Western has unused transfer authority from previous years that can be used.

**DEPARTMENT OF ENERGY  
FY 1998 CONGRESSIONAL BUDGET REQUEST  
WESTERN AREA POWER ADMINISTRATION  
FALCON AND AMISTAD OPERATING AND MAINTENANCE FUND**

**PROPOSED APPROPRIATION LANGUAGE**

For operation, maintenance, and emergency costs for the hydroelectric facilities at the Falcon and Amistad Dams, [\$970,000] \$1,065,000, to remain available until expended and to be derived from the Falcon and Amistad Operating and Maintenance Fund of the Western Area Power Administration, as provided in section 423 of the Foreign Relations Authorization Act, fiscal years 1994 and 1995.

**DEPARTMENT OF ENERGY**  
**FY 1998 CONGRESSIONAL BUDGET REQUEST**  
**WESTERN AREA POWER ADMINISTRATION**  
**(Tabular dollars in thousands, Narrative in whole dollars)**

**PROGRAM MISSION**

**MISSION**

The mission of the Western Area Power Administration (Western) is to market and deliver reliable, cost-based hydroelectric power and related services. Western provides electric power to nearly 600 customers over a 1.3-million-square-mile area in the central and western United States. Western will repay the Federal investment for which it is responsible within the timeframes established by law and regulations.

Our vision is:

- Remarkable Service
- Superior Products
- Delighted Customers

Our goals related to this vision are:

- To be an organization of highly skilled, highly productive, customer-oriented employees who carry out our mission in concert with our desired culture, core competencies and leadership qualities.
- To strengthen our partnerships with the U.S. Bureau of Reclamation, the U.S. Army Corps of Engineers and the International Boundary and Water Commission to manage power delivery costs, and to improve power system reliability and efficiency.
- To strengthen partnership programs with our customers, constantly looking for opportunities to support both their and Western's success.
- To participate in decision-making processes with natural resource agencies whose operating decisions significantly affect Federal power rates and repayment obligations.
- To limit increases in annual operating expenses to keep our rates and the rates of our customers competitive in the markets we serve.
- To continuously work with our customers to secure alternative financing of Western's programs.
- To be proactive in the shaping of the competitive utility industry, primarily acting as an advocate for power system reliability.
- To enhance the productivity of our workforce to improve our service to our customers through continuous streamlining of our work processes and seeking relief from burdensome regulations.

## **PROGRAM MISSION - WESTERN AREA POWER ADMINISTRATION (Cont'd)**

- To implement Transformation recommendations to ensure identified savings are realized, and that service to our customers is optimized.

## **STRATEGY**

Operating rules govern our day-to-day operations. They are:

- Western's employees will carry out all activities with safety as a first priority.
- Western will maintain and operate its transmission system in full compliance with the North American Electric Reliability Council, the Western Systems Coordinating Council, and MidContinent Area Power Pool guidelines.
- Western will assess proposals for construction of new facilities within budget constraints and using our published integrated resource planning principles. The proposals must pass at least one of three criteria before we will consider construction: increased revenues from the new facilities must exceed the annual cost over the cost evaluation period; or customers must benefit sufficiently to support the new facilities in spite of a possible rate increase; or the new facilities will be funded by others.
- Replacement and rehabilitation of existing facilities will be based on: reliability of the facility or equipment (operating condition, availability of replacement parts, safety, etc.); or economics of life extension; or future needs for facility or equipment based on strategic planning; or capability to meet future system requirements; and affected customers being included in the planning process, including cost-sharing opportunities.
- Western will conduct its business in an environmentally sound manner, efficiently and effectively complying with the letter, spirit and intent of applicable environmental statutes, regulations and standards. We believe in protecting and enhancing the environment and that these investments are sound business practices. Western will use effective planning to eliminate, lessen or mitigate the environmental impacts of its actions. Western's goal is to enhance the environment through cleanups, pollution prevention and waste minimization.
- Western will provide a reasonable amount of energy services technical assistance, with priority given to small- and medium-sized customers. The costs of these services will be in the power rate base. Western will facilitate the voluntary use of renewable resources by Western's customers.
- Western will continually identify key business processes critical to our success, establish baselines for them, implement value-added changes, and track progress/savings.

## **PROGRAM MISSION - WESTERN AREA POWER ADMINISTRATION (Cont'd)**

### **PERFORMANCE MEASURES**

Western's performance measures are based on outputs and outcomes. Data for each output are collected annually. These outputs are aimed at achieving specific outcomes including establishment of rates sufficient to make full and timely repayment to the U.S. Treasury; maintenance of the health and safety of all employees; and development and achievement of the operation of a reliable, low-cost, environmentally-sound power system which facilitates competitive, efficient and reliable power deliveries. Outputs include:

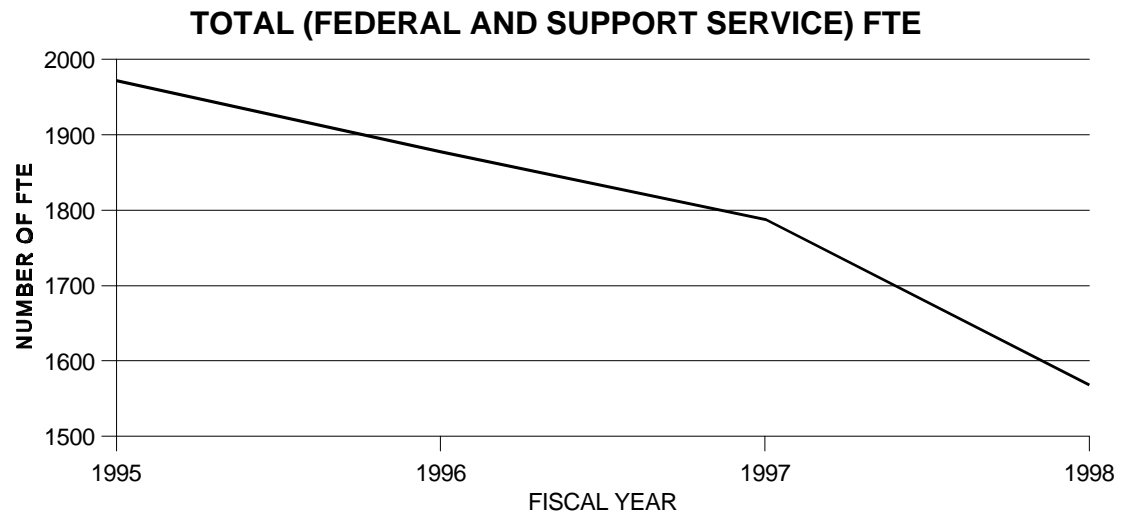
1. OPERATING EFFECTIVENESS: Area Control Error (ACE) percentage exceeds the North American Electric Reliability Council performance standard of 91.9 percent. Western's FY 1996 ACE percentage was 98.2.
2. SAFETY: Western's lost workday frequency rate in calendar year 1996 is estimated to be 0.5 cases per 200,000 hours worked, which is lower than the latest available average for the electric utility industry, 2.6 cases, as reported by the National Safety Council.
3. COST GROWTH: The change in actual regular operation and maintenance obligations from one year to the next is no greater than the annual rate of inflation for the same period. In FY 1996, regular operation and maintenance obligations were 2.5 percent greater than FY 1995. The annual rate of inflation for that same period was 2.3 percent. Western's overage is attributed to costs associated with voluntary separation incentives.
4. PRINCIPAL PAYMENT: Principal repayment to the U.S. Treasury in any given fiscal year is equal to, or greater than, the planned principal repayment. FY 1996 data is not yet available. However, in FY 1995 our planned repayment was \$25,611,000. Actual repayment was \$41,015,000, or 60 percent greater.

### **SIGNIFICANT ACCOMPLISHMENTS AND PROGRAM SHIFTS**

- Starting in FY 1998, Western will set rates, consistent with current law, to begin to recover the full cost of the Civil Service Retirement System and Post-Retirement Health Benefits for its employees that have not been recovered in the past.
- We are reducing our full time equivalent (FTE) usage from a FY 1994 level of 1,504 to 1,329 by the beginning of FY 1999, a reduction of 12 percent.
- We are reducing our support service employee level from the FY 1994 level of 601 to 239 by the end of FY 1998, a 60 percent reduction.

**PROGRAM MISSION - WESTERN AREA POWER ADMINISTRATION (Cont'd)**

- The overall personnel reduction is 26 percent, or 537 employees:

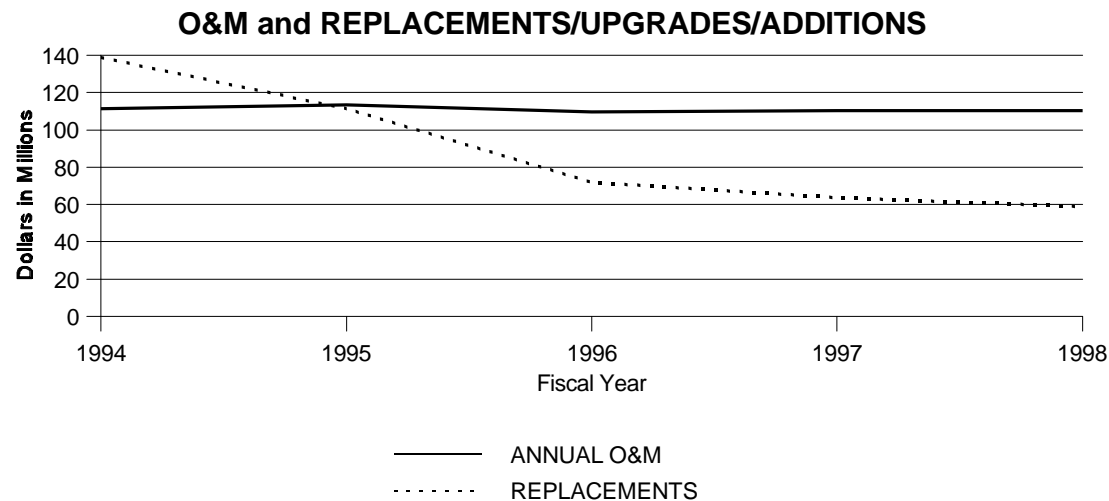


- We have identified unobligated balances to offset future budget requests, e.g., \$55.1 million in FY 1997, and \$21.6 million in FY 1998. These balances have become available due to such reasons as delay in replacements/upgrades/additions, the use of settlement credits with Pacific Gas and Electric, better than expected water conditions, and hiring freezes.



## PROGRAM MISSION - WESTERN AREA POWER ADMINISTRATION (Cont'd)

- We are limiting increases in annual operation and maintenance (O&M) costs of the high voltage electrical and communications systems to no greater than the rate of inflation. Our FY 1998 requested program level for annual O&M activity of \$110,512,000 is less than our FY 1994 request of \$111,617,000, a decrease of 1 percent. During this timeframe, inflation would have dictated an increase of at least 12 percent.
- The level of replacements/upgrades/additions of our facilities has been reduced from \$139 million in our FY 1994 request (\$121 million in Construction and Rehabilitation (C&R) activity and \$18 million in O&M activity) to \$59.1 million in our FY 1998 request (\$38.4 million in C&R activity and \$20.8 million in O&M activity). This 57 percent decrease is a result of close coordination with Western's customers on proposed projects to identify efficiencies and minimize costs, and the completion of necessary projects in past years. Replacements of transmission lines, substation equipment, and communication equipment are being planned at a level that will not cause power rate increases, but at the same time retains the value of our asset as a safe and reliable transmission system.

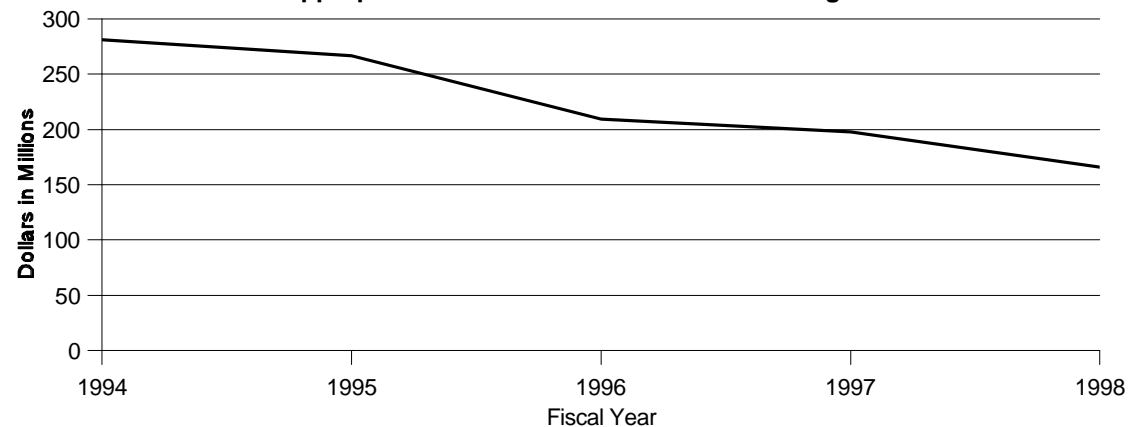


- The above numbers include salaries, equipment, contracts, and related expenses for the respective activities. However, beginning with FY 1997, the salary and related expenses for the O&M and C&R activities are consolidated and quantified under the heading of Program Direction.
- The cost of Western's work is often shared with other Federal entities under reimbursable agreements and with non-Federal participants under the Interior Department Appropriations Act of 1928 and the Contributed Funds Act. We continue to pursue alternative forms of financing for our O&M program, such as bill crediting and customer advance funding, to reduce our dependence on appropriations.

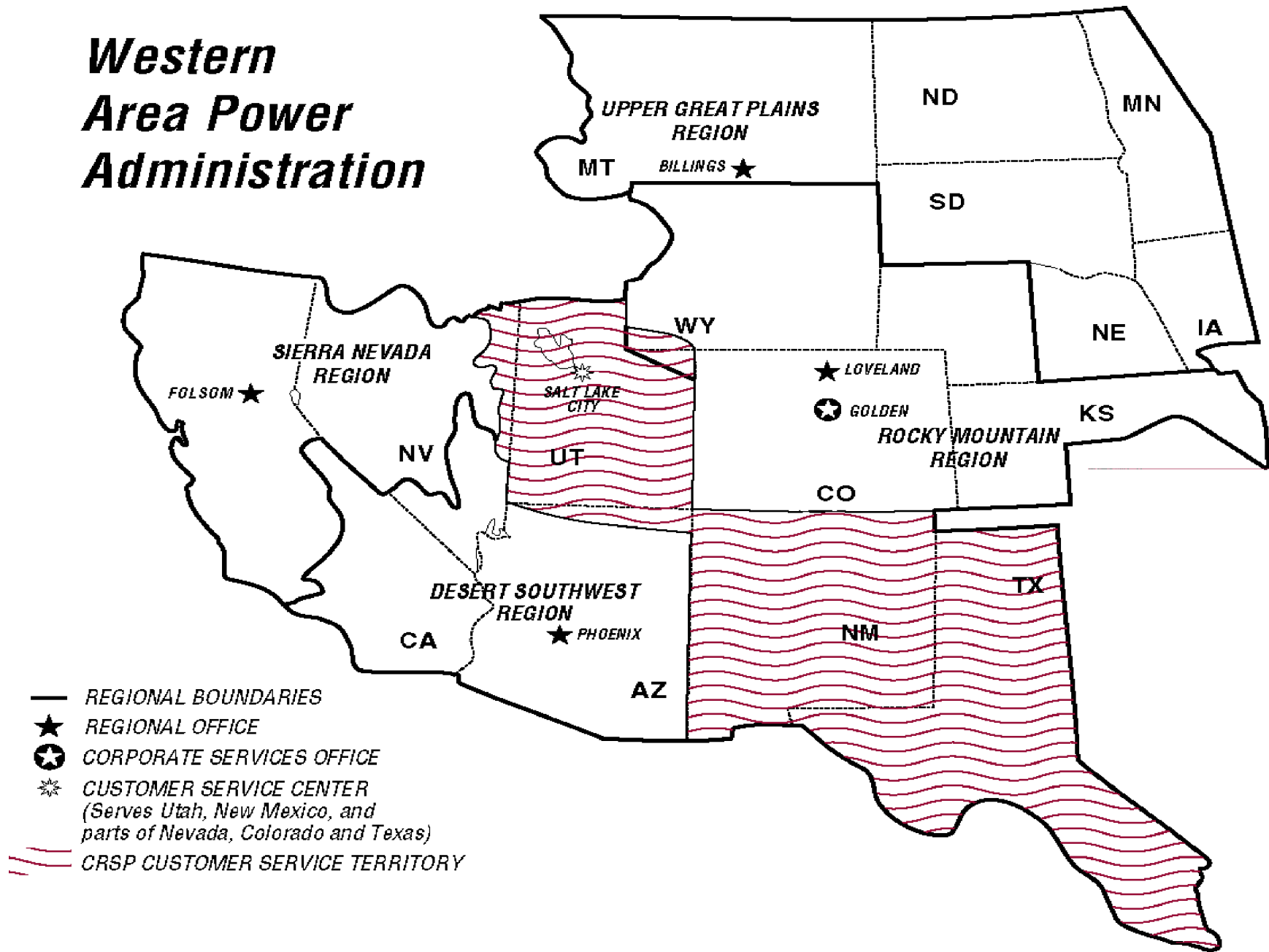
## PROGRAM MISSION - WESTERN AREA POWER ADMINISTRATION (Cont'd)

- Western is in the process of separating its marketing and transmission system reliability functions in response to the Federal Energy Regulatory Commission's Orders No. 888 and 889. Western's tariff-equivalent package will be submitted for information to the regional transmission groups to which we belong in summer 1997. The package will be made available to the public at that time. Western participates in electronic systems to share information about available transmission capacity within the regions in which it operates.
- Power purchases have been reduced from 9.0 billion kilowatt-hours in FY 1994 to an anticipated 6.8 billion kilowatt-hours in FY 1998. The reason for this decrease is two-fold. First, the amount of purchases is dictated by the amount of generation available, which is contingent on water conditions in the major river systems within Western's service area. Reservoir levels have improved since FY 1994 in all of Western's service areas and are expected to be near average in FY 1998. Second, purchase power and wheeling expenses are decreasing significantly as customer loads decline in the Central Valley Project. The lower loads reflect the increased competitiveness in the energy market. In response to the industry competition, Western has negotiated with its long-term firm power supply contractors to reduce the cost of these purchases.
- Alternative methods of financing continue to be pursued to reduce the need for appropriations. The most recent agreement was for energy banking arrangements for the Parker-Davis Project in the southwest. The total Purchase Power and Wheeling program has decreased from \$282 million in FY 1994 to \$167 million in FY 1998. Of the \$167 million, only 33 percent, or \$55 million, is from appropriations.

### PURCHASE POWER AND WHEELING PROGRAM Appropriated Funds and Alternative Financing



# ***Western Area Power Administration***



**DEPARTMENT OF ENERGY  
FY 1998 CONGRESSIONAL BUDGET REQUEST  
WESTERN AREA POWER ADMINISTRATION**

**CONSTRUCTION, REHABILITATION, OPERATION, AND MAINTENANCE**

**PROGRAM FUNDING PROFILE**

(Dollars in thousands)

<u>Sub-program</u>	<u>FY 1996 Current Appropriation</u>	<u>FY 1997 Original Appropriation</u>	<u>FY 1997 Adjustments</u>	<u>FY 1997 Current Appropriation</u>	<u>FY 1998 Request</u>
Construction, Rehabilitation, Operation and Maintenance Account					
Program Direction	\$ 0	\$ 109,028	\$ 0	\$ 109,028	\$ 106,157
Operation and Maintenance	129,525	34,006	0	34,006	39,246
Purchase Power and Wheeling	94,562	74,235	0	74,235	54,886
Construction and Rehabilitation	51,125	29,764	0	29,764	24,243
Utah Mitigation and Conservation	<u>5,283</u>	<u>5,432</u>	<u>0</u>	<u>5,432</u>	<u>5,432</u>
Total Program, Operating Expenses	\$280,495	\$ 252,465	\$ 0	\$ 252,465	\$ 229,964
Planned Use of Prior Year Balances	<u>- 24,181</u>	<u>-55,109</u>		<u>-55,109</u>	<u>-21,630</u>
Total Budget Authority Request	<u>\$ 256,314</u>	<u>\$197,356</u>	<u>\$ 0</u>	<u>\$197,356</u>	<u>\$208,334</u>
Permanent Budget Authority	(\$ 4,556)	(\$ 3,774)		(\$ 3,774)	(\$ 0)
Current Budget Authority	(\$251,758)	(\$193,582)		(\$193,582)	(\$208,334)

Public Law Authorizations:

P.L. 57-161, "The Reclamation Act of 1902"	"Economy Act" of 1932, as amended
P.L. 66-389, "Contributed Funds Act" (1921)	P.L. 98-381, "Hoover Power Plant Act of 1984"
P.L. 76-260, "Reclamation Projects Act of 1939"	P.L. 102-486, "Energy Policy Act of 1992"
P.L. 80-790, "Emergency Fund Act of 1948"	P.L. 102-575, "Reclamation Projects Authorization and Adjustment Act of 1992"
P.L. 95-91, "Department of Energy Organization Act" (1977)	"Interior Department Appropriation Act of 1928" (44 stat. 957)

**DEPARTMENT OF ENERGY**  
**FY 1998 CONGRESSIONAL BUDGET REQUEST**  
**WESTERN AREA POWER ADMINISTRATION**  
(dollars in thousands)

**CONSTRUCTION, REHABILITATION, OPERATION, AND MAINTENANCE**

**PROGRAM FUNDING BY SITE**

	FY 1996 Current <u>Appropriation</u>	FY 1997 Original <u>Appropriation</u>	FY 1997 <u>Adjustments</u>	FY 1997 Current <u>Appropriation</u>	FY 1998 Budget <u>Request</u>
Western Area Power Administration	\$ 280,495	\$ 252,465	\$ 0	\$ 252,465	\$ 229,964
Planned Use of Prior Year Balances	<u>-24,181</u>	<u>-55,109</u>		<u>-55,109</u>	<u>-21,630</u>
Total	<u>\$ 256,314</u>	<u>\$ 197,356</u>	<u>\$ 0</u>	<u>\$ 197,356</u>	<u>\$ 208,334</u>

## WESTERN AREA POWER ADMINISTRATION

### PROGRAM DIRECTION

#### **I. Mission Supporting Goals/Ongoing Responsibilities:**

Western's Program Direction activity provides compensation and all related expenses for the workforce that operates and maintains Western's high voltage interconnected transmission system and associated facilities and those that plan, design, and supervise the construction of replacements, upgrades and additions (capital investments) to the transmission facilities. These employees include, but are not limited to, civil, electrical and electronic engineers, high voltage linemen and electricians, power dispatchers, public utility specialists, environmental and safety specialists, and administrative staff.

Western operates and maintains the transmission system to ensure an adequate supply of reliable electric power in a clean and environmentally-safe, cost-effective manner throughout its 15-state service territory. Western achieves continuity of service by maintaining its power system at or above industry standards, rapidly restoring service following any system disturbances, mitigating adverse environmental impacts, performing clean-up activities, and maximizing the revenues gained from non-firm energy sales.

Western markets power generated at 55 hydropower plants which are operated primarily by the Bureau of Reclamation, the Corps of Engineers, and the International Boundary and Water Commission. Western also markets the United States' entitlement from the Navajo coal-fired powerplant near Page, Arizona.

In concert with our customers, Western reviews required replacements and upgrades to its existing infrastructure to sustain reliable power delivery to our customers and to contain annual maintenance expenses. The timing and scope of these replacements and upgrades are critical to assure that Western's facilities do not become the "weak link" in the interconnected system. Western pursues opportunities to join with neighboring utilities to jointly finance construction activities, which result in realized cost savings and increased efficiencies for all participants.

Western's Transformation process, initiated in FY 1995, is an aggressive plan to reorganize, restructure, and reengineer the agency to meet the challenges of an ever-changing utility industry. Implementation has been slowed slightly due to union negotiations. Transformation costs incurred in FY 1997 and FY 1998 will be financed primarily through use of prior year balances.

Program direction has been grouped into four categories:

Salaries and Benefits: Funding for wages, includes geographic differentials, pay raises (including legislated, negotiated, and administratively-determined), overtime, holiday and premium pay, and cash incentive awards for Western's Federal workforce. Also includes Western's share of employee retirement, health and life insurance, accident compensation, Federal Insurance Contribution Act taxes, and Federal Retirement Thrift Savings Plan contributions. Benefits include relocation expenses related to permanent changes of station, and payments for former employees such as severance pay and voluntary separation incentives.

Travel: Funding for the transportation of Government employees, their per diem allowances and incidental expenses incurred in the day-to-day performance of their responsibilities.

## PROGRAM DIRECTION (Cont'd)

Support Services: Funding for services which include, but are not limited to, automated data processing and general administrative support.

Other Related Expenses: Funding for rental space, telecommunications, utilities and miscellaneous charges, printing and reproduction, training tuition fees, maintenance and repair of office equipment, supplies, materials, non-capitalized equipment, and the assessment of Department of Energy working capital fund expenses.

## II. Funding Table:

	FY 1996 Current <u>Appropriation</u>	FY 1997 Original <u>Appropriation</u>	FY 1997 Adjustments	FY 1997 Current <u>Appropriation</u>	FY 1998 Budget <u>Request</u>
Salary and Benefits	\$ 0	\$ 73,079	\$ 0	\$ 73,079	\$ 73,721
Travel	0	4,794	0	4,794	5,024
Support Services	0	14,235	0	14,235	9,279
Other Related Expenses	<u>0</u>	<u>16,920</u>	<u>0</u>	<u>16,920</u>	<u>18,133</u>
Total, Program	<u>\$ 0</u>	<u>\$109,028</u>	<u>\$ 0</u>	<u>\$109,028</u>	<u>\$106,157</u>
Use of Prior Year Balances	0	- 6,000		-6,000	-14,009
Total, Budget Authority	<u>\$ 0</u>	<u>\$103,028</u>	<u>\$ 0</u>	<u>\$103,028</u>	<u>\$ 92,148</u>
Current Budget Authority	(0)	(99,807)		(99,807)	(92,148)
Permanent Budget Authority	(0)	( 3,221)		( 3,221)	( 0)
Full Time Equivalents	1138	1168		1168	1168

**PROGRAM DIRECTION (Cont'd)**

**III. Performance Summary:**

	<b>FY 1996</b>	<b>FY 1997</b>	<b>FY 1998</b>
Salaries and Benefits:	\$ 0	\$73,079	\$73,721
<p>Federal staff maintain and operate Western's high-voltage transmission system comprised of over 16,850 miles of line, 258 substations, and associated power system, control, communication and general plant facilities. Staff provide continuing services such as system operations and load dispatching, power billing and collection, power marketing, general power resources planning, energy services, technology transfer, environmental, safety, security and emergency management activities within 13 separate power systems. Staff inspect construction activities in progress (identified in the Construction and Rehabilitation activity) to ensure quality results and safe working methods. Preconstruction activities (including planning, environmental clearance, collection of field data, design of facilities, issuance of specifications, and power facility development costs) for future rehabilitation and upgrades of existing transmission lines, and planning with customers and other members of the interconnected transmission system to identify the most effective transmission system improvements, will continue. Implementation of Western's Transformation, a process to reorganize, restructure, and reengineer the organization, will be completed in FY 1998.</p>			
Travel:	0	4,794	5,024
<p>Supports the transportation of staff, their per diem allowances, and incidental expenses incurred in the day-to-day performance of their responsibilities, such as maintaining the high-voltage transmission system over a 1.3-million-square-mile area. Teleconferencing (audio and/or video) is used to the extent practical.</p>			
Support Services:	0	14,235	9,279
<p>Provides services, such as automated data processing support, warehousing, and general administrative support. Processes are being streamlined and staff members reduced from 405 at the beginning of FY 1997 to 239 by the end of FY 1998, a reduction of 166 FTE, or 41 percent.</p>			
Other Related Expenses:	0	16,920	18,133
<p>Funding supports purchase and upgrades of personal computers, and purchase of copiers and printers at various locations throughout Western's service area to accomplish the workload with reduced FTE levels. Also included are training costs, the DOE working capital fund assessment, space rental, printing, and the purchase of miscellaneous supplies.</p>			



**PROGRAM DIRECTION (Cont'd)**

**IV. Explanation of Funding Changes from FY 1997 to FY 1998:**

Increase of \$642,000 in Salaries and Benefits is the result of anticipated salary increases, offset by the reduction of 22 FTE below the level approved in the FY 1997 budget.	\$ +642,000
Increase of \$230,000 in Travel is attributed primarily to GSA obtaining less favorable pricing for airline costs to several "city-pairs" within Western's service territory.	\$ +230,000
Decrease of \$4,956,000 in Support Services is due to a reduction of contract staff levels consistent with DOE's Strategic Alignment Initiative goals and Western's Transformation initiative.	\$ -4,956,000
Increase of \$1,213,000 in Related Other Expenses is attributable to a slightly higher level of purchases and/or upgrades of personal computers and software acquisitions to support Western's Transformation initiative, a 50 percent increase in the assessment to this Fund for DOE's working capital fund, and inflationary increases for training, printing, rental space, and telecommunications costs.	\$ +1,213,000
Total	\$ -2,871,000

**PROGRAM DIRECTION (Cont'd)**

<b>Support Services</b>	<b>FY 1996 (\$000)</b>	<b>FY 1997 (\$000)</b>	<b>FY 1998 (\$000)</b>	<b>FY 1997/FY 1998 Change (\$000)</b>
Technical Support Service				
Feasibility of Design Considerations	\$ 0	\$ 0	\$ 0	0
Economic and Environmental and Environmental Analysis	0	0	0	0
Test and Evaluation Studies	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	\$ 0	\$ 0	\$ 0	0
Management Support Services				
Management Studies	\$ 0	\$ 314	\$ 204	\$ -110
Training and Education	0	66	43	-23
ADP Support	0	5,937	3,386	-2,551
General Administrative Support	<u>0</u>	<u>7,918</u>	<u>5,646</u>	<u>-2,272</u>
Subtotal	\$ 0	\$14,235	\$ 9,279	\$ -4,956
Total, Support Services	\$ 0	\$14,235	\$ 9,279	\$ -4,956

<b>Related Expenses</b>	<b>FY 1996 (\$000)</b>	<b>FY 1997 (\$000)</b>	<b>FY 1998 (\$000)</b>	<b>FY 1997/FY 1998 Change (\$000)</b>
Training	\$ 0	\$ 1,000	\$ 1,100	\$ +100
Working Capital Fund	0	275	413	+138
Printing and Reproduction	0	307	311	+4
Rental Space	0	2,858	3,012	+154
Software Procurement/Maintenance Activities/Capital Acquisitions	0	4,455	4,749	+294
Other	<u>0</u>	<u>8,025</u>	<u>8,548</u>	<u>+523</u>
Total, Related Expenses	\$ 0	\$16,920	\$18,133	\$ +1,213

## WESTERN AREA POWER ADMINISTRATION

### OPERATION AND MAINTENANCE

#### I. Mission Supporting Goals and Objectives:

Western's operation and maintenance (O&M) activity helps ensure an adequate supply of reliable electric power in a clean and environmentally-safe, cost-effective manner throughout its 15-state service territory. Western achieves continuity of service by maintaining its power system at or above industry standards, rapidly restoring service following any system disturbances, mitigating adverse environmental impacts, performing clean-up activities, and maximizing the revenues gained from non-firm energy sales.

Western markets power generated at 55 hydropower plants which are operated primarily by the Bureau of Reclamation, the Corps of Engineers, and the International Boundary and Water Commission. Western also markets the United States' entitlement from the Navajo coal-fired powerplant near Page, Arizona.

For FY 1996, costs displayed in this section include the compensation and all related expenses for the workforce that operates and maintains Western's high voltage interconnected transmission system and associated facilities, and the materials and supplies, capitalized and non-capitalized equipment, and technical support services used in direct support of the operation and maintenance of the interconnected power system. Beginning with FY 1997, the personnel expenses and personnel performance accomplishments associated with the O&M activity are combined with those of the Construction and Rehabilitation activity and are reflected in the Program Direction section of Western's budget request.

#### II. Funding Schedule:

<u>Program Activity</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>\$ Change</u>	<u>% Change</u>
Regular Operation and Maintenance	\$ 109,928	\$ 17,309	\$ 18,593	\$ +1,284	+ 7
Replacements and Additions	<u>19,597</u>	<u>16,697</u>	<u>20,653</u>	<u>+3,956</u>	+24
Total, O&M Program	<u>\$ 129,525</u>	<u>\$34,006</u>	<u>\$39,246</u>	<u>\$+ 5,240</u>	<u>+15</u>
Planned Use of Prior Year Balances	-10,061	-7,000	-2,912		
Total, Budget Authority	<u>\$119,464</u>	<u>\$27,006</u>	<u>\$36,334</u>		
Current Budget Authority	(115,761)	(26,453)	(36,334)		
Permanent Budget Authority	( 3,703)	( 553)	( 0)		

## WESTERN AREA POWER ADMINISTRATION

### OPERATION AND MAINTENANCE

#### III. Performance Summary - Accomplishments:

**FY 1996**

**FY 1997**

**FY 1998**

#### **Regular Operation and Maintenance**

Maintains and operates Western's high-voltage transmission system comprised of over 16,850 miles of transmission lines, 258 substations, and associated power system, control, communication, and general plant facilities. Continues environmental evaluation and cleanup of a portion of approximately 1,100 facility locations, including substations, communications and meter sites. Cleanup activities are expected to extend until 2005. Facilities remaining to be evaluated are those of lower risk due to size, location, or minimal contamination potential.

\$ 66,738

\$ 0

\$ 0

Provides continuing services such as system operations and load dispatching, power billing and collection, power marketing, general power resources planning, energy services, technology transfer, safety, security and emergency management activities within 13 separate power systems. Assists firm power customers in development and implementation of integrated resource plans in compliance with the Energy Policy Act of 1992.

\$ 26,116

\$ 0

\$ 0

Supplies and materials, such as wood poles, instrument transformers, meters and relays, will be procured to provide necessary resources to respond to routine and emergency situations in Western's high-voltage interconnected transmission system. Technical support services, such as waste management disposal, environmental impact analyses, and pest and weed control, will be utilized.

\$ 17,074

\$ 17,309

\$ 18,593

TOTAL Regular Operation and Maintenance

\$109,928

\$ 17,309

\$ 18,593

## WESTERN AREA POWER ADMINISTRATION

### OPERATION AND MAINTENANCE

#### III. Performance Summary - Accomplishments:

##### Replacements and Additions

Electrical equipment replacements, such as circuit breakers, transformers, revenue meters, switches, control boards, relays and oscillographs will be acquired to assure reliable service to Western's customers. System age and environmental concerns necessitate orderly replacement before significant problems develop.

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
\$ 9,689	\$ 8,079	\$11,277

Replacement and upgrade of microwave, supervisory control and data acquisition, and other communication and control equipment will continue to provide increased system reliability, and reduce maintenance and equipment costs. Beginning in FY 1997, Western is initiating a staged replacement of radios and associated equipment at substations, repeater sites, and mobile units to meet new Federal Communications Commission (FCC) and National Telecommunications and Information Administration (NTIA) regulations which require Western to move to narrow communications band spectrums by 2005.

\$ 2,399	\$ 2,913	\$ 3,560
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Capitalized movable equipment such as special purpose vehicles (e.g., cranes, auger trucks, manlifts), special purpose equipment (e.g., pole trailers, industrial tractors, brush chippers), specialized test equipment (e.g., motion analyzers and ductor tester equipment), computer-aided engineering equipment, office equipment, and ADP equipment and software, will be upgraded and replaced. Two helicopters will be replaced; one by transfer and one through exchange/purchase procedures. The FY 1997 award for replacement/modification of Western's financial management system, deferred from FY 1996, will be funded with prior year balances.

\$ 7,509	\$ 5,705	\$ 5,816
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TOTAL Replacements and Additions

\$19,597	\$16,697	\$20,653
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TOTAL Operation and Maintenance

\$129,525	\$34,006	\$39,246
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## WESTERN AREA POWER ADMINISTRATION

### OPERATIONS AND MAINTENANCE

#### **Explanation of Funding Changes from FY 1997 to FY 1998:**

The increase in Regular Operation and Maintenance activities is attributed to an increase in basic costs of supplies and materials, and the planned restocking of wood poles.	\$ +1,284,000
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The increase in Replacements and Additions is primarily due to increased purchases of circuit breakers to maintain system reliability (\$3,198,000), an increased funding level in the stated replacement of radios and associated equipment to meet newly legislated FCC and NTIA requirements (\$647,000), and an increase of \$111,000 in capitalized movable equipment purchases, including replacement of two helicopters, one by transfer and one through exchange/purchase procedures.	\$ +3,956,000
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Total Funding Change, Operations and Maintenance	\$ +5,240,000
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## WESTERN AREA POWER ADMINISTRATION

### CONSTRUCTION AND REHABILITATION

#### I. Mission Supporting Goals and Objectives:

Western's construction and rehabilitation (C&R) activity emphasizes replacement and upgrading of existing infrastructure to sustain reliable power delivery to our customers, to contain annual maintenance expenses, and to retain the value of our assets. In FY 1998, Western's transmission system will have over 16,850 circuit miles of line and 258 substations. In FY 1995, 728 of the 7,294 miles of wood poles, or 10 percent, were over 50 years old. Western is continually testing, treating, and replacing individual wood poles and hardware to delay the need for replacing an entire transmission line. As substation equipment (such as power transformers, control boards and circuit breakers) reach the end of their useful life, maintenance costs increase, replacement parts become unavailable, outages increase, and system reliability declines. The replacement of this equipment is systematically planned over a 10-year period. All replacement plans are coordinated with our customers, and in many cases our customers participate in site visits to help establish the scope of equipment replacement at specific substations. When upgrades or additional capacity are required, Western actively pursues opportunities to join with neighboring utilities to jointly finance construction activities, which result in realized cost savings and increased efficiencies for all participants.

In FY 1996, costs displayed in this section include the compensation and all related expenses for the workforce to plan, collect field data, write specifications, design facilities, award construction contracts, and purchase government-furnished equipment, and related expenses for the C&R of the interconnected power system. Beginning in FY 1997, the personnel costs and related expenses associated with the C&R activity and the Operation and Maintenance activity are combined and reflected in the Program Direction section of Western's budget request.

#### II. Funding Schedule:

<u>Program Activity</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>\$ Change</u>	<u>% Change</u>
Transmission Lines and Terminal Facilities	\$ 6,675	\$ 2,066	\$ 3,609	\$ +1,543	+75
Substations	31,381	20,209	12,389	-7,820	-39
Other <u>1/</u>	<u>13,069</u>	<u>7,489</u>	<u>8,245</u>	<u>+ 756</u>	+10
Total, Program	<u>\$ 51,125</u>	<u>\$ 29,764</u>	<u>\$ 24,243</u>	<u>\$ -5,521</u>	<u>-19</u>
Planned Use of Prior Year Balances	<u>-14,120</u>	<u>-21,009</u>	<u>- 4,115</u>		
Total, Budget Authority	<u>\$ 37,005</u>	<u>\$ 8,775</u>	<u>\$ 20,128</u>		

1/ Other includes communication equipment (such as microwave, telecommunications, and supervisory control and data acquisition systems) and maintenance facilities.

## WESTERN AREA POWER ADMINISTRATION

### CONSTRUCTION AND REHABILITATION

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
<b>III. Performance Summary - Accomplishments:</b>			
<b><u>Transmission Lines and Terminal Facilities</u></b>			
Complete construction of the 256-mile, 500-kV Mead-Phoenix and 202-mile, 500-kV Mead-Adelanto Transmission Lines from central Arizona to southern Nevada to southern California	\$ 2,570	0	0
Complete minor modifications of transmission lines to ensure power system reliability and stability: (FY 1996 numbers include preconstruction activities such as planning, collecting field data, etc., which are included in Program Direction after FY 1996.):	\$4,105	\$2,066	\$3,609
<ul style="list-style-type: none"> <li>- Reroute a small section of the Devils Lake Transmission Line (North Dakota) to avoid a trailer court.</li> <li>- Realign the Gering-Stegall Transmission Line (Nebraska) so that no homes are directly under the line.</li> <li>- Replace 2.5 miles of the Weld-Windsor 115-kV Transmission Line (Colorado) with a double circuit line. This is a joint venture with Public Service Company of Colorado. Western's line requires reconductoring due to excessive damage and Public Service needs a new line. By joining together, the two utilities will make better use of existing right-of-way, reduce environmental impacts, and reduce costs.</li> <li>- Rebuild 1.9 miles of Estes-Mary's Lake 69-kV Transmission Line (Colorado) and make related improvements to Estes Switchyard. This is a joint venture with the Platte River Power Authority to increase the reliability to the City of Estes Park.</li> <li>- Replace wood poles that have failed inspection in the Western Division of the Pick-Sloan Missouri Basin Program.</li> </ul>			
Work for others includes:	0	0	0
<ul style="list-style-type: none"> <li>- Construction of the Black Mountain-Del Bac Transmission Line (Arizona) in the Central Arizona Project, for the Bureau of Reclamation</li> <li>- Working with the Navajo Nation to develop a project that will increase the transfer capability across the Four Corners Area. Work on this project will continue if funding is received from non-Western sources.</li> <li>- Construction of the Southern Nevada Water Authority-Electrical Power Delivery System for the Colorado River Commission to provide electrical power facilities for a municipal water system in southern Nevada. This project would involve rehabilitation of several of Western's facilities, using non-Federal funding, in order to provide this electrical delivery.</li> </ul>			
<b>TOTAL Transmission Lines and Terminal Facilities</b>	<u>\$6,675</u>	<u>\$2,066</u>	<u>\$3,609</u>



## WESTERN AREA POWER ADMINISTRATION

### CONSTRUCTION AND REHABILITATION

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
<b>III. Performance Summary - Accomplishments:</b>			
<b><u>Substations</u></b>			
Replace high-voltage equipment such as circuit breakers, transformers, reactors, disconnect switches, and fuses at: Casa Grande 02, Coolidge 07, ED-2, ED-4, Henderson, Kayenta 03, Parker, and Wellton-Mohawk (Arizona), Tracy 04 (California), Prospect Valley, Brighton 03 and Granby 02 (Colorado), Denison 08 and Sioux City (Iowa), Grand Island and Sidney (Nebraska), Mead 06 (Nevada), Malin (Oregon), Custer 12, Crossover, Rudyard, and Yellowtail (Montana), Williston 06 (North Dakota), Four Corners (New Mexico), Bonesteel, Huron 14, Summit, and Winner (South Dakota), Flaming Gorge 03 (Utah), and Casper, Lovell 08 and North Cody 04 (Wyoming) Substations. This equipment is replaced primarily due to reliability, safety concerns, age, and/or availability of spare parts. Oil containment is added when appropriate to protect nearby water resources from contamination. Demolish Basic Substation (Arizona). In FY 1996, preconstruction activities for future replacements continued. Those costs are included in the Program Direction section in FY 1997 and 1998. Update computer-aided-engineering equipment for design for these facilities.	\$29,992	\$17,023	\$9,959
Purchase and install equipment that would provide additional capability to correct low voltage problems that occur on the existing Parker-Davis transmission system along the Colorado River in northwestern Arizona.	250	1,450	2,200
Replace the 37-year old transformer at Derby Hill (Colorado) and consolidate loads from Derby Hill and Loveland Substation at Derby Hill. Remove Loveland Substation to reduce maintenance costs. This will be a joint venture with other entities in the area.	46	557	230
Replace circuit breakers and potential transformers due to age and lack of replacement parts at Rapid City Substation (South Dakota) This is a joint venture with Rushmore Electric Power Cooperative.	1,093	1,179	0
Work for others includes construction of the McConnico Substation (Arizona), Topock Substation (Arizona), and Flanagan Substation for the City of Shasta Lake (California).	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL Substations	\$31,381	\$20,209	\$12,389

## WESTERN AREA POWER ADMINISTRATION

### CONSTRUCTION AND REHABILITATION

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
<b>III. Performance Summary - Accomplishments:</b>			
<b><u>Other</u></b>			
Upgrade/replace/expand communication systems (SCADA, microwave, and telecommunication) in the Parker-Davis Project, Central Valley Project, Pacific Northwest-Southwest Intertie Project, Colorado River Storage Project and Pick-Sloan Missouri Basin Program to operate and control the transmission system.	\$7,407	\$5,177	\$5,390
Add fire protection at various maintenance facilities in the Western Division of the Pick-Sloan Missouri Basin Program. Provide additional storage for housing vehicles, electrical equipment, and supplies that are presently being stored outside and subjected to weather conditions at Devils Lake and Fargo (North Dakota), Watertown (South Dakota), Brush Field Office (Colorado), Gering Service Center (Nebraska), and Redding and Tracy Maintenance Facilities (California). Western's Craft Training Center will be replaced because the lease is expiring on the existing building. Demolish the old dispatch building at the Phoenix Maintenance Center (Arizona).	5,662	2,312	2,855
 TOTAL Other	<u>\$13,069</u>	<u>\$7,489</u>	<u>\$8,245</u>
TOTAL Construction and Rehabilitation	<u>\$51,125</u>	<u>\$29,764</u>	<u>\$24,243</u>

#### **Explanation of Funding Changes from FY 1997 to FY 1998:**

In order for Western and its customers to remain competitive in the changing utility industry, Western has aggressively reduced its capital investment program. Our FY 1998 program is 18 percent below FY 1997. We recognize that large Federally-financed system additions are unlikely in the future. Our challenge has been to evaluate Western's facilities which were built 40 to 50 years ago and lay out a systematic replacement/upgrade program at a level that retains the value of our assets and assures a safe and reliable transmission system. This replacement/upgrade program will include major transmission projects in future years as aging facilities require replacement, but Western anticipates that much of this work may be funded by our customers. Our customers have been active participants in this process, including site visits to individual facilities to evaluate the condition of specific equipment that is reaching the end of its useful service life, or for which replacement parts are difficult to obtain. Construction contracts, as well as some preconstruction activities, have been delayed, reduced in scope, or canceled, as replacements have been prioritized. Savings in FY 1995/6 are being used to offset the FY 1997 and the FY 1998 request for the Construction and Rehabilitation program.

## WESTERN AREA POWER ADMINISTRATION

### CONSTRUCTION AND REHABILITATION

#### **Explanation of Funding Changes from FY 1997 to FY 1998 (Continued):**

**Transmission Lines:** This category includes the minor modifications being completed on wood pole transmission lines, including the wood pole replacement program in the Western Division of the Pick-Sloan Missouri Basin Program. Individual contracts are for replacements along several lines. These awards are timed so as to not take too many lines out of service at one time. An award is planned in FY 1998, but not in FY 1997; hence the increase. \$ +1,543,000

**Substations:** The decrease in this category is due primarily to the award of substation construction contracts or purchase of equipment in FY 1997 (under the C&R activity). In FY 1998, these project costs are primarily reflected under the Program Direction activity since the continuing work is for project management, commissioning, and construction supervision. \$ -7,820,000

**Other:** The increase is due to purchase of microwave communication equipment to monitor and control 3,900 miles of high voltage transmission lines, 98 substations, and 750 MW of generation in the Upper Colorado/Lower Missouri control area. This includes replacing radios which were installed in the early 1980's. Parts for these radios are no longer manufactured, and maintenance is becoming increasingly more costly and difficult. In addition, a second microwave path will be provided. Currently a single path exists between the Operations Center and a repeater site. If this repeater were to be damaged in a storm, the Operations Center would not be able to operate the system. \$ +756,000

The increase is also due to award of a construction contract in FY 1998 for the next stage of the South Dakota microwave addition. The microwave provides a vital communication link to operate the power system, including protective relaying, voice communications, revenue and load control metering and supervisory control and data acquisition purposes. The previously constructed backbone microwave system in South Dakota included the most vital and important substations facilities. This project extends the system to a majority of the smaller substations. Many of these substations are located in small rural communities where the only service available is through local rural telephone cooperatives.

Total Funding Change, Construction and Rehabilitation \$ -5,521,000

## WESTERN AREA POWER ADMINISTRATION

### PURCHASE POWER AND WHEELING

#### **I. Mission Supporting Goals and Objectives:**

The Purchase Power and Wheeling (PPW) program obtains electrical resources and transmission capability to firm up the Federal hydropower supplies needed to meet Western's contractual obligations. Transmission wheeling services are also purchased when a third party's transmission lines are needed to deliver Federal power to Western's customers. The Central Valley Project was also legislatively authorized to market an additional 400 megawatts (MW). As such, the Central Valley Project entered into long-term purchase power contracts to augment the Federal hydro resource as necessary to fulfill the contractual commitments to customers through the year 2004.

By providing for firming of the Federal hydro resource, the PPW program increases the value, reliability, and competitiveness of the energy marketed. The PPW program reduces the impact on customers of changing reservoir conditions, inflows (rain, snow, etc), and variable flow regimes designed to respond to irrigation, navigation, flood control, fish and wildlife, and recreation needs. The additional revenue derived from our ability to market a firm hydro resource is necessary to ensure timely repayment of the taxpayer investment in the project's power facilities as well as full recovery of Western's and the generating agencies' annual costs allocated to power including operation and maintenance, PPW, and interest to Treasury on unpaid project investment.

The amount of purchases required to firm up the Federal hydro resource is largely contingent on water conditions in the major river systems within Western's service area. The FY 1998 request assumes near average reservoir levels in all of Western's service area. Increased competitiveness in the California service area also impacts the amount of power purchased in the Central Valley Project (CVP), as Western's customers are not requesting the full amount of energy Western is contractually required to provide. Western-wide power purchases were at a high of 11.7 billion kilowatt-hours in FY 1993 due to extended drought conditions across Western and downstream flooding in the Missouri River basin. Power purchases are expected to decrease to 6.8 billion kilowatt-hours in FY 1998, resulting in a like reduction to the total financing required.

Alternative financing methods reduce the dollars appropriated from the Reclamation Fund for the PPW program by 50% to 60% annually. The alternative methods, including net billing, bill crediting, Federal and non-Federal reimbursable, are expected to reduce the FY 1998 appropriation requirement by \$112 million. Part II of this section includes two Funding Schedules by program activity. The first Funding Schedule shows the appropriated program need only, net of any alternative financing planned. The second Funding Schedule illustrates the gross purchase power need by program activity as well as the offsetting use of alternative financing methods.

# WESTERN AREA POWER ADMINISTRATION

## PURCHASE POWER AND WHEELING

### II. Funding Schedule:

<u>Program Activity</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>\$ Change</u>	<u>% Change</u>
Central Valley Project	\$ 80,605	\$ 63,540	\$ 47,945	\$ -15,595	-25
Pick-Sloan Missouri Basin Program	12,104	9,775	6,941	-2,834	-29
Other Projects	<u>1,853</u>	<u>920</u>	<u>0</u>	<u>-920</u>	-100
<b>Total, PP&amp;W Program</b>	<b><u>\$ 94,562</u></b>	<b><u>\$ 74,235</u></b>	<b><u>\$ 54,886</u></b>	<b><u>\$ -19,349</u></b>	<b><u>-26</u></b>
Use of Prior Year Balances, Net	<u>-0</u>	<u>-16,565</u>	<u>-594</u>		
<b>Total Budget Authority</b>	<b><u>\$ 94,562</u></b>	<b><u>\$ 57,670</u></b>	<b><u>\$ 54,292</u></b>		

<u>Program Activity (gross)</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>\$ Change</u>	<u>% Change</u>
Central Valley Project	\$ 162,789	\$ 150,796	\$ 121,450	\$ -29,346	-19
Pick-Sloan Missouri Basin Program	43,490	42,000	42,150	+150	+0
Other Projects	<u>3,387</u>	<u>3,920</u>	<u>3,000</u>	<u>-920</u>	-23
Total, PP&W Program (gross)	<b><u>\$ 209,666</u></b>	<b><u>\$ 196,716</u></b>	<b><u>\$ 166,600</u></b>	<b><u>\$ -30,116</u></b>	<b><u>-15</u></b>
Use of Alternative Financing	-115,104	-122,481	-111,714	+10,767	-9
Net billing, bill crediting, non-Federal reimbursable	(-95,104)	(-102,481)	(-89,314)	(+13,167)	-13
Reimbursable, Federal contract loads	<u>(-20,000)</u>	<u>(-20,000)</u>	<u>(-22,400)</u>	<u>(-2,400)</u>	+12
<b>Total, Appropriated Program</b>	<b><u>\$ 94,562</u></b>	<b><u>\$ 74,235</u></b>	<b><u>\$ 54,886</u></b>	<b><u>\$ -19,349</u></b>	<b><u>-26</u></b>
Use of Prior Year Balances, Net	<u>0</u>	<u>-16,565</u>	<u>- 594</u>		
<b>Total, Budget Authority</b>	<b><u>\$ 94,562</u></b>	<b><u>\$ 57,670</u></b>	<b><u>\$ 54,292</u></b>		
Subtotal, Current Budget Authority	(93,709)	(57,670)	(54,292)		
Subtotal, Permanent Budget Authority	(853)	(0)	(0)		

## WESTERN AREA POWER ADMINISTRATION

### PURCHASE POWER AND WHEELING

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
<b>III. Performance Summary - Accomplishments:</b>			
<b><u>Central Valley Project</u></b>			
Continue purchasing energy, capacity, and wheeling services to meet Western's contractual commitments. Power purchases are declining from the estimated FY 1996 requirement of 3.5 billion kilowatt-hours (kWh) to 3.3 billion kWh in FY 1998. This reflects average water conditions and continued lower customer loads, offset by 0.3 billion kWh purchase to support anticipated Trinity River minimum flow requirements. The loads have been declining due to increased competitiveness in the energy market. In response to industry competition, Western negotiated with its long-term firm power supply contractors to reduce the cost of these purchases. Pacific Gas & Electric (PG&E) capacity rates were reduced, PacifiCorp energy prices have been reduced, Portland General energy prices above 40 percent load factor were reduced, Longview Fibre contract was terminated early, and we have issued a termination notice to cancel the City of Tacoma contract.	\$ 162,789	\$ 150,796	\$ 121,450
Alternative methods of financing are expected to provide for 61% of the Central Valley PPW program. The reduced purchases from long-term firm-power suppliers (our major bill crediting suppliers) and Shasta unit rewind revenue credits are impacting CVP's ability to use alternative methods of financing. The amount of alternative financing is dropping by 11% from FY 1996 to FY 1998.	-82,184	-87,256	-73,505
	<hr/>	<hr/>	<hr/>
TOTAL Central Valley Project	<u>\$ 80,605</u>	<u>\$ 63,540</u>	<u>\$ 47,945</u>
<b><u>Pick-Sloan Missouri Basin Program</u></b>			
Continue purchasing energy and wheeling services to meet power delivery obligations for the Pick-Sloan Missouri Basin Program, including both the Eastern and Western Divisions of the Pick-Sloan Missouri Basin Program and the Fryingpan-Arkansas Project.	\$ 43,490	\$ 42,000	\$ 42,150
Alternative financing methods are expected to expand, providing 84% of the FY 1998 Pick-Sloan Missouri Basin PPW program.	-31,386	-32,225	-35,209
	<hr/>	<hr/>	<hr/>
TOTAL Pick-Sloan Missouri Basin Program	<u>\$ 12,104</u>	<u>\$ 9,775</u>	<u>\$ 6,941</u>

**WESTERN AREA POWER ADMINISTRATION**

**PURCHASE POWER AND WHEELING**

<b>III. Performance Summary - Accomplishments:</b>	<b><u>FY 1996</u></b>	<b><u>FY 1997</u></b>	<b><u>FY 1998</u></b>
<b><u>Other Projects</u></b>			
Continue firming purchases for the Boulder Canyon Project. Continue resource pooling arrangements providing for banking and exchange of energy services with neighboring utilities to eliminate the Parker-Davis Project purchase power requirement by FY 1998.	\$ 3,387	\$ 3,920	\$ 3,000
Advance funding arrangements with the Boulder Canyon Project customers are in place. The permanent authority request for PPW has been totally offset in FY 1997 and the outyears.	-1,534	-3,000	-3,000
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL Other Projects	<u>\$ 1,853</u>	<u>\$ 920</u>	<u>\$ 0</u>
TOTAL Purchase Power and Wheeling	<u>\$ 94,562</u>	<u>\$ 74,235</u>	<u>\$ 54,886</u>

## WESTERN AREA POWER ADMINISTRATION

### PURCHASE POWER AND WHEELING

#### Explanation of Funding Changes from FY 1997 to FY 1998:

The CVP PPW program need (including alternative financing) is being reduced by \$30 million or 20% in FY 1998 due to efforts in the Sierra Nevada Region to meet the competitive pressures in the energy market. The FY 1998 request assumes the Sierra Nevada Region will terminate one more of the three remaining long-term purchase power contracts by FY 1998, as well as reduce purchases from the others to the extent allowed within the terms of the contracts. Savings from these actions will be offset somewhat by additional purchases from PG&E and non-firm suppliers. Although the long-term contracts are mostly funded through non-appropriated methods while PG&E and non-firm suppliers primarily need appropriated funds, the changes anticipated in the CVP PPW needs will reduce the appropriation requirement by \$15.6 million or 25% in FY 1998.	\$ -15,595,000
The PPW requirement for the Pick-Sloan Missouri Basin Program is \$2.8 million less in FY 1998 than FY 1997 due to the expansion of alternative financing from 77% to 84% of the total PPW need.	\$ -2,834,000
The Desert Southwest Region will eliminate the need for purchase power to support the firming requirement of the Parker-Davis Project through resource pooling arrangements with neighboring utilities. This arrangement results in an appropriation savings of nearly \$1 million annually.	\$ -920,000
Total Funding Change, Purchase Power and Wheeling	\$ -19,349,000

#### Major Issues:

The FY 1998 request assumes termination of the City of Tacoma purchase power contract. This action has resulted in litigation which may delay the actual termination. No contingency funds are included in this request to offset the cost of such a delay.



## WESTERN AREA POWER ADMINISTRATION

### UTAH MITIGATION AND CONSERVATION

#### I. Mission Supporting Goals and Objectives:

The Reclamation Projects Authorization and Adjustment Act of 1992, Title III--Fish, Wildlife, and Recreation Mitigation and Conservation, provided for the establishment of the Utah Reclamation Mitigation and Conservation Commission (Commission). Under Title IV of this Act, the Utah Reclamation Mitigation and Conservation Account (Account) was established in the Treasury of the United States. The purpose of this account is to ensure that the level of environmental protection, mitigation, and enhancement achieved in connection with projects identified in the Act and elsewhere in the Colorado River Storage Project in the State of Utah is preserved and maintained. The State of Utah and the Administrator of Western Area Power Administration (Western) are authorized to deposit funds into the account. Such expenditures are to be considered nonreimbursable and nonreturnable.

#### II. Funding Schedule:

<u>Program Activity</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>\$ Change</u>	<u>% Change</u>
Utah Mitigation and Conservation	<u>\$ 5,283</u>	<u>\$ 5,432</u>	<u>\$ 5,432</u>	<u>\$ 0</u>	<u>0</u>
Total, Utah Mitigation and Conservation	<u>\$ 5,283</u>	<u>\$ 5,432</u>	<u>\$ 5,432</u>	<u>\$ 0</u>	<u>0</u>

#### III. Performance Summary - Accomplishments:

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
<u>Utah Mitigation and Conservation</u>			
A deposit will be made to the Utah Reclamation Mitigation and Conservation Account	<u>\$ 5,283</u>	<u>\$ 5,432</u>	<u>\$ 5,432</u>
TOTAL Utah Mitigation and Conservation	<u>\$ 5,283</u>	<u>\$ 5,432</u>	<u>\$ 5,432</u>

**WESTERN AREA POWER ADMINISTRATION**

**UTAH MITIGATION AND CONSERVATION**

**Explanation of Funding Changes from FY 1997 to FY 1998:**

There is no change in the deposit to the Utah Mitigation and Conservation Account. This amount reflects support for the Administration's goal to reach a balanced budget by FY 2002, through controlled, Government-wide expenditures. Deposits to the Utah Mitigation and Conservation Account are directed by the Reclamation Projects Authorization and Adjustment Act of 1992.

\$ 0

Total Funding Change, Utah Mitigation and Conservation

\$ 0

**DEPARTMENT OF ENERGY  
FY 1998 CONGRESSIONAL BUDGET REQUEST  
WESTERN AREA POWER ADMINISTRATION  
(Dollars in Thousands)**

**FALCON AND AMISTAD MAINTENANCE FUND**

**PROGRAM FUNDING PROFILE**

	FY 1996 Current <u>Appropriation</u>	FY 1997 Original <u>Appropriation</u>	FY 1997 <u>Adjustments</u>	FY 1997 Current <u>Appropriation</u>	FY 1998 <u>Request</u>
Falcon and Amistad Maintenance Operating Expenses	<u>\$ 1,000</u>	<u>\$ 970</u>	<u>\$ 0</u>	<u>\$ 970</u>	<u>\$ 1,065</u>
Total Program	<u><u>\$ 1,000</u></u>	<u><u>\$ 970</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 970</u></u>	<u><u>\$ 1,065</u></u>

Authorizations:  
P. L. 103-236, "Foreign Relations Authorization Act, Fiscal Years 1994 and 1995"

**WESTERN AREA POWER ADMINISTRATION**  
**FALCON AND AMISTAD MAINTENANCE FUND**

**I. Mission Supporting Goals and Objectives:**

The Falcon and Amistad Operating and Maintenance Fund (Maintenance Fund) has been created in the Treasury of the United States as directed by the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995. The Maintenance Fund is administered by the Administrator of the Western Area Power Administration (Western) for use by the Commissioner of the United States Section of the International Boundary and Water Commission (IBWC) to defray operation, maintenance (O&M) and emergency costs for the hydroelectric facilities at the Falcon and Amistad Dams. The two powerplants have a combined generating capacity of 97.5 megawatts.

All revenues collected in connection with the disposition of electric power generated at the Falcon and Amistad Dams, except monies received from the Government of Mexico, shall be credited to the Maintenance Fund and shall remain available until expended for defraying O&M and emergency costs for the hydroelectric facilities at the dams. Revenues, which are collected in excess of expenses, are used to repay, with interest, the cost of replacements and original investments. Most of the O&M funds will be made available to the United States' Section of the International Boundary and Water Commission through a reimbursable agreement. The Federal staff funded under this program continue to be allocated to the U.S. Section of IBWC by the Department of State. Prior to FY 1996, the funds required for the O&M activities of the Falcon and Amistad Dams were included in appropriation requests of the Department of State.

**II. Funding Schedule:**

<u>Program Activity</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>\$ Change</u>	<u>% Change</u>
Falcon and Amistad Maintenance Fund	<u>\$ 1,000</u>	<u>\$ 970</u>	<u>\$ 1,065</u>	<u>\$ + 95</u>	+ 10
Total, Falcon and Amistad Maintenance Fund	<u>\$ 1,000</u>	<u>\$ 970</u>	<u>\$ 1,065</u>	<u>\$ + 95</u>	<u>+ 10</u>

**WESTERN AREA POWER ADMINISTRATION**  
**FALCON AND AMISTAD MAINTENANCE FUND**

**III. Performance Summary - Accomplishments:**

**FY 1996      FY 1997      FY 1998**

**Falcon and Amistad**

Twenty-four hour operation and maintenance of two powerplants to ensure response to ever-changing water conditions, customer demand, and continual coordination with operating personnel of the Government of Mexico will be accomplished. Power will be marketed; repayment studies completed; revenue collected.

\$1,000      \$ 970      \$1,065

TOTAL Falcon and Amistad Maintenance Fund

\$1,000      \$ 970      \$1,065

**Explanation of Funding Changes from FY 1997 to FY 1998:**

The increase is primarily attributable to an increase in salaries paid by IBWC at the Falcon Dam site. The increase, which became effective April 17, 1996, was mandated by an Office of Personnel Management decision redefining Federal Wage System wage areas for pay setting purposes. The redefinition of wage areas results in salary increases of approximately 18 percent for wage-grade personnel at the Falcon site.

\$ +95,000

Total Funding Change, Falcon and Amistad

\$ +95,000

**DEPARTMENT OF ENERGY**  
**FY 1998 CONGRESSIONAL BUDGET REQUEST**  
**WESTERN AREA POWER ADMINISTRATION**  
(dollars in thousands)

**COLORADO RIVER BASINS POWER MARKETING FUND**  
**PROGRAM FUNDING PROFILE**

	FY 1996 Current <u>Appropriation</u>	FY 1997 Original <u>Appropriation</u>	FY 1997 <u>Adjustments</u>	FY 1997 Current <u>Appropriation</u>	FY 1998 <u>Request</u>	
Colorado River Basins Power Marketing Fund						
Program Direction	\$ 0	\$ 28,662	\$ 0	\$ 28,662	\$ 24,918	
Equipment, Contracts and Related Expenses	<u>146,705</u>	<u>91,769</u>	<u>0</u>	<u>91,769</u>	<u>99,868</u>	
Total Obligations	<u>\$ 146,705</u>	<u>\$ 120,431</u>	<u>\$ 0</u>	<u>\$ 120,431</u>	<u>\$ 124,786</u>	
Use of Prior Year Balances	-23,429	0	0	0	0	
Difference Between Planned and Actual Offsetting Collections	<u>+6,138</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total Program, Operating Expenses	\$129,414	\$120,431	\$ 0	\$120,431	\$124,786	
Difference between Planned and Actual Offsetting Collections	-6,138	0	0	0	0	
Use of Prior Year Balances	<u>+23,429</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total Obligations	<u>\$146,705</u>	\$120,431	\$ 0	\$120,431	\$124,786	
Offsetting Collections Realized	-123,276	-130,431	0	-130,431	-140,884	<u>1/</u>
Use of Prior Year Balances	<u>-23,429</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Budget Authority	<u>\$ 0</u>	<u>\$ -10,000</u>	<u>\$ 0</u>	<u>\$ -10,000</u>	<u>\$ -16,098</u>	

1/ Starting in FY 1998, Western will set rates, consistent with current law, to begin to recover the full cost of the Civil Service Retirement System and Post-Retirement Health Benefits for its employees that have not been recovered in the past. The estimated collections shown in this table include \$1,098,000 for that purpose.

Authorizations:

P.L. 75-529, "The Fort Peck Project Act of 1938"

P.L. 84-484, "The Colorado River Storage Project Act of 1956"

P.L. 90-537, "The Colorado River Basin Project Act of 1968"

P.L. 95-91, "Department of Energy Organization Act" (1977)

**WESTERN AREA POWER ADMINISTRATION  
COLORADO RIVER BASINS POWER MARKETING FUND**

**PROGRAM DIRECTION**

**I. Mission Supporting Goals/Ongoing Responsibilities:**

The Colorado River Basins Program is comprised of three power systems. These three systems are the Colorado River Storage Project (Arizona, Colorado, New Mexico, Utah and Wyoming), including the Dolores (Colorado) and Seedskaadee (Wyoming) Projects; the Fort Peck Project in Montana; and the Colorado River Basin Project in Arizona, including the Central Arizona Project and the United States' entitlement from the Navajo coal-fired powerplant near Page, Arizona. This program is funded through Western's business-type revolving fund (Federal Enterprise Fund), the Colorado River Basins Power Marketing Fund.

Revenues from the sale of electric energy and capacity replenish the fund and are available for expenditure for operation, maintenance, power billing and collection, program direction, purchase power and wheeling, interest, emergencies, and other power marketing expenses. Power sales and other revenues, which are collected in excess of expenses, are used for repayment of investments to the U.S. Treasury. This request is for spending authority only, and represents Western's estimate of obligations to finance these business-type operations.

Western operates and maintains the transmission system for the Projects funded in this Account to ensure an adequate supply of reliable electric power in a clean and environmentally-safe, cost-effective manner. Western achieves continuity of service by maintaining its power systems at or above industry standards, rapidly restoring service following any system disturbances, mitigating adverse environmental impacts, performing clean-up activities, and maximizing the revenues gained from non-firm energy sales. In concert with our customers, Western reviews required replacements to its existing infrastructure to sustain reliable power delivery to our customers and to contain annual maintenance expenses.

The Program Direction activity provides compensation and all related expenses for the workforce that operates and maintains Western's high voltage interconnected transmission system and associated facilities. These employees include, but are not limited to, electrical and electronic engineers, high voltage linemen and electricians, power dispatchers, public utility specialists, environmental and safety specialists, and administrative staff.

Program Direction has been grouped into four categories:

Salaries and Benefits: Funding for wages, includes geographic differentials, pay raises (including legislated, negotiated, and administratively-determined), overtime, holiday and premium pay, and cash incentive awards for the Federal workforce funded in this Account. This category also includes Western's share of employee retirement, health and life insurance, accident compensation, Federal Insurance Contribution Act taxes, and Federal Retirement Thrift Savings Plan contributions. Benefits include relocation expenses related to permanent changes of station, and payments for former employees such as severance pay and voluntary separation incentives.

Travel: Funding for the transportation of Government employees, their per diem allowances and incidental expenses incurred in the day-to-day performance of their responsibilities.

**PROGRAM DIRECTION** (Cont'd)

Support Services: Funding for services which include, but are not limited to, automated data processing and general administrative support.

Other Related Expenses: Funding for rental space, telecommunications, utilities and miscellaneous charges, printing and reproduction, training tuition fees, maintenance and repair of office equipment, supplies, materials, non-capitalized equipment, and a distribution of Western's general management costs.

**II. Funding Table:**

	FY 1996 Current <u>Appropriation</u>	FY 1997 Original <u>Appropriation</u>	FY 1997 <u>Adjustments</u>	FY 1997 Current <u>Appropriation</u>	FY 1998 Budget <u>Request</u>
Salaries and Benefits	\$ 0	\$ 13,327	\$ 0	\$ 13,327	\$13,108
Travel	0	927	0	927	1,000
Support Services	0	2,371	0	2,371	781
Other Related Services	<u>0</u>	<u>12,037</u>	<u>0</u>	<u>12,037</u>	<u>10,029</u>
Total, Program Direction	<u>\$ 0</u>	<u>\$ 28,662</u>	<u>\$ 0</u>	<u>\$ 28,662</u>	<u>\$ 24,918</u>
Full Time Equivalents	191	161		161	161



**PROGRAM DIRECTION (Cont'd)**

**III. Performance Summary:**

	<b>FY 1996</b>	<b>FY 1997</b>	<b>FY 1998</b>
Salaries and Benefits:	\$ 0	\$13,327	\$13,108
Federal staff maintain and operate approximately 4,000 miles of high-voltage transmission lines and associated substations, switchyards, communication, control, and general plant facilities associated with this program. Staff provide continuing services such as system operations and load dispatching, power billing and collection, power marketing, general power resources planning, energy services, technology transfer, environmental, safety, security and emergency management activities.			
Travel:	\$ 0	927	1,000
Supports the transportation of staff, their per diem allowances, and incidental expenses incurred in the day-to-day performance of their responsibilities, such as maintaining the high-voltage transmission system. Teleconferencing (audio and/or video) is used to the extent practical.			
Support Services:	\$ 0	2,371	781
Provides services, such as automated data processing support, warehousing, and general administrative support. Processes are being streamlined and contract staff members reduced from 405 at the beginning of FY 1997 to 239 by the end of FY 1998, a reduction of 166 FTE, or 41 percent. A portion of those costs are funded by this Account.			
Other Related Expenses:	\$ 0	12,037	10,029
Funding supports purchase and upgrades of personal computers, and purchase of copiers and printers at various locations to accomplish the workload with reduced FTE. Also includes training costs, the DOE working capital fund assessment, space rental, printing, purchase of miscellaneous supplies, and distribution of a portion of Western's general management costs.			

**PROGRAM DIRECTION (Cont'd)**

**IV. Explanation of Funding Changes from FY 1997 to FY 1998:**

Decrease of \$219,000 in Salaries and Benefits is the result of anticipated salary increases, offset by the reduction of 36 FTE below the level approved in the FY 1997 budget.	\$ -219,000
Increase of \$73,000 in Travel is attributed primarily to GSA obtaining less favorable pricing for airline costs to several "city-pairs" within Western's service territory.	\$ +73,000
Decrease of \$1,590,000 in Support Services is due to a reduction of contract staff levels consistent with DOE's Strategic Alignment Initiative goals and Western's Transformation initiative.	\$ -1,590,000
Decrease of \$2,008,000 in Other Related Expenses is primarily attributed to lower levels of capitalized purchases, reduction in Western's general management costs, and a reduction in rental costs, offset by a slight increase in training and DOE's working capital fund assessment.	\$ -2,008,000
Total	\$ -3,744,000

**PROGRAM DIRECTION (Cont'd)**

	<b>FY 1996 (\$000)</b>	<b>FY 1997 (\$000)</b>	<b>FY 1998 (\$000)</b>	<b>FY 1997/FY 1998 Change (\$000)</b>
<b>Support Services</b>				
Technical Support Service				
Feasibility of Design Considerations	\$ 0	\$ 0	\$ 0	\$ 0
Economic and Environmental and Environmental Analysis	0	0	0	0
Test and Evaluation Studies	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	0	0	0	0
Management Support Services				
Management Studies	\$ 0	\$ 68	\$ 38	\$ -30
Training and Education	0	14	8	-6
ADP Support	0	1,042	272	-770
General Administrative Support	<u>0</u>	<u>1,247</u>	<u>463</u>	<u>-784</u>
Subtotal	\$ 0	\$2,371	\$ 781	\$ -1,590
Total Support Services	\$ 0	\$2,371	\$ 781	\$ -1,590

	<b>FY 1996 (\$000)</b>	<b>FY 1997 (\$000)</b>	<b>FY 1998 (\$000)</b>	<b>FY 1997/FY 1998 Change (\$000)</b>
<b>Other Related Expenses</b>				
Training	\$ 0	\$ 121	\$ 130	\$ +9
Working Capital Fund	0	59	77	+18
Printing and Reproduction	0	10	10	0
Rental Space	0	465	411	-54
Software Procurement/Maintenance Activities/Capital Acquisitions	0	1,218	1,081	-137
Other (Includes Western General Management Cost Distribution)	<u>0</u>	<u>10,164</u>	<u>8,320</u>	<u>-1,844</u>
Total Other Related Expenses	\$ 0	\$12,037	\$10,029	\$ -2,008

**WESTERN AREA POWER ADMINISTRATION  
COLORADO RIVER BASINS POWER MARKETING FUND**

**EQUIPMENT, CONTRACTS AND RELATED EXPENSES**

**I. Mission Supporting Goals and Objectives:**

The Colorado River Basins Program is comprised of power marketing, operation, and maintenance of transmission facilities of three power systems. These three systems are the Colorado River Storage Project (Arizona, Colorado, New Mexico, Utah and Wyoming), including the Dolores (Colorado) and Seedskaadee (Wyoming) Projects; the Fort Peck Project in Montana; and the Colorado River Basin Project in Arizona, including the Central Arizona Project and the United States' entitlement from the Navajo coal-fired powerplant near Page, Arizona. These activities are funded in Western's business-type revolving fund (Federal Enterprise Fund), the Colorado River Basins Power Marketing Fund.

Revenues from the sale of electric energy and capacity replenish the fund and are available for expenditure for operation, maintenance, power billing and collection, program direction, purchase power and wheeling, interest, emergencies, and other power marketing expenses.

For FY 1996, costs displayed in this section include the compensation and all related expenses for the workforce that operates and maintains Western's high voltage interconnected transmission system and associated facilities, and the materials and supplies, capitalized and non-capitalized equipment, technical support services used in direct support of the operation and maintenance of the interconnected power system, electrical resources, transmission capability, transmission wheeling, and interest payments to the U.S. Treasury. Beginning with FY 1997, the personnel expenses and personnel performance accomplishments are reflected in the Program Direction section of the Colorado River Basins Power Marketing Fund request.

**II. Funding Schedule:**

<b><u>Program Activity</u></b>	<b><u>FY 1996</u></b>	<b><u>FY 1997</u></b>	<b><u>FY 1998</u></b>	<b><u>\$ Change</u></b>	<b><u>% Change</u></b>
Equipment, Contracts and Related Expenses	\$ 146,705	\$ 91,769	\$ 99,868	\$ + 8,099	+ 9

**WESTERN AREA POWER ADMINISTRATION  
COLORADO RIVER BASINS POWER MARKETING FUND**

**EQUIPMENT, CONTRACTS AND RELATED EXPENSES**

<b>III. Performance Summary - Accomplishments:</b>	<b><u>FY 1996</u></b>	<b><u>FY 1997</u></b>	<b><u>FY 1998</u></b>
<b><u>Equipment, Contracts and Related Expenses</u></b>			
Maintains and operates approximately 4,000 miles of high-voltage transmission lines and associated substations, switchyards, communication, control, and general plant facilities associated with this program.	\$19,304	\$ 0	\$ 0
Provides continuing services, such as power marketing, dispatching, power billing, revenue collection, and energy services activities. Assists firm power customers in development and implementation of integrated resource plans in compliance with the Energy Policy Act of 1992.	\$ 7,885	\$ 0	\$ 0
Supplies and materials, such as wood poles, instrument transformers, meters and relays, will be procured to provide necessary resources to respond to routine and emergency situations in Western's high-voltage interconnected transmission system. Technical support services, such as waste management disposal, environmental impact analyses, and pest and weed control, will be utilized. Reimbursements to the Corps of Engineers for operation and maintenance of the Fort Peck Powerplant continue.	\$8,368	\$8,959	\$8,877
Electrical resources and transmission capability to firm up the Federal hydropower supplies needed to meet Western's contractual obligations will be obtained. Transmission wheeling services are also purchased when a third party's transmission lines are needed to deliver Federal power to Western's customers.	\$11,892	\$40,400	\$50,400
Electrical equipment replacements, such as circuit breakers, transformers, revenue meters, switches, control boards, relays and oscillographs will be acquired to assure reliable service to Western's customers. Replacement and upgrade of microwave, SCADA and other communication and control equipment will continue. Capitalized movable equipment such as special purpose vehicles (e.g. cranes, auger trucks, manlifts), special purpose equipment (e.g. pole trailers, industrial tractors, brush chippers), specialized test equipment, and ADP equipment and software will be upgraded and replaced.	\$ 7,256	\$11,657	\$7,993
Interest payments to the U.S. Treasury will occur. The payment in FY 1996 resulted in exceeding the obligational authority estimate presented in the President's FY 1996 budget submission by \$17.3 million. No administrative control of funds violation occurred because Western had sufficient prior year spending authority associated with carryover balances to provide for the increased obligations.	\$92,000	\$30,753	\$32,598
<b>TOTAL Equipment, Contracts and Related Expenses</b>	<b>\$146,705</b>	<b>\$91,769</b>	<b>\$99,868</b>

**WESTERN AREA POWER ADMINISTRATION  
COLORADO RIVER BASINS POWER MARKETING FUND**

**EQUIPMENT, CONTRACTS AND RELATED EXPENSES**

**Explanation of Funding Changes from FY 1997 to FY 1998:**

The increase is primarily attributed to increased costs for power purchases (\$10,000,000) offset by a decrease in scheduled electrical equipment replacements (-\$3,664,000). The increased purchases will occur as a result of the Endangered Fish Research Flows which require a steady flow of water during years in which there will be minimum releases through Glen Canyon Dam. Steady flows necessitate the purchase of additional power during peak hours to meet contractual loads. The test flows are anticipated to occur in FY 1998.	\$ +8,099,000
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Total Funding Change, Equipment, Contracts and Related Expenses	\$ +8,099,000
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**DEPARTMENT OF ENERGY  
FY 1998 CONGRESSIONAL BUDGET REQUEST  
WESTERN AREA POWER ADMINISTRATION**

**SYSTEM STATISTICS 1/**

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
<u>Generating Plants (No.)</u>	56	56	56
<u>Generating Capacity:</u>			
Installed Capability (kW)	10,581,000	10,581,000	10,581,000
<u>Substations:</u>			
Number	258	258	258
Capacity (kVA)	26,369,098	26,369,098	26,369,098
<u>Transmission lines: (circuit miles)</u>			
500 kV	448.27	448.27	448.27
345 kV	1,628.34	1,628.34	1,628.34
230 kV	6,880.13	6,880.13	6,880.13
161 kV	840.66	840.66	840.66
138 kV	329.59	329.59	329.59
115 kV	5,770.75	5,770.75	5,770.75
69 kV and below	<u>959.36</u>	<u>959.36</u>	<u>959.36</u>
Total circuit miles	16,857.10	16,857.10	16,857.10

1/ Statistics reflect January 1996 reverification of Western facilities completed by each Regional office.

**DEPARTMENT OF ENERGY  
FY 1998 CONGRESSIONAL BUDGET REQUEST  
WESTERN AREA POWER ADMINISTRATION**

**ESTIMATE OF REVENUES FOR FY 1996 THROUGH FY 2002 1/  
(dollars in thousands)**

<u>PROJECT</u>	<u>ACTUAL FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
Boulder Canyon Project 2/	\$ 56,048	\$ 63,037	\$ 64,396	\$ 65,936	\$ 64,877	\$ 60,625	\$ 63,808
Central Valley Project 3/	160,979	201,658	214,033	209,993	207,256	203,352	197,860
Colorado River Basin Project (Navajo) 4/	83,018	87,800	87,536	85,795	84,731	83,451	81,528
Falcon-Amistad Project 5/	2,936	3,562	3,551	3,481	3,437	3,385	3,307
Fryingpan-Arkansas Project	14,326	13,414	13,374	13,108	12,945	12,750	12,459
Pacific Northwest-Southwest Intertie 6/	6,741	18,928	18,871	18,496	18,266	17,990	17,576
Parker-Davis Project 7/	30,139	39,239	40,115	39,225	37,399	36,884	36,034
Pick-Sloan Missouri Basin Program 8/	305,689	253,195	252,549	247,528	244,674	240,699	228,952
Provo River Project 9/	285	343	282	278	277	273	266
Washoe Project 10/	187	781	779	763	754	742	725
Colorado River Storage Project 11/	130,228	129,791	122,361	119,686	118,390	117,675	115,428
Collbran Project	1,823	1,823	1,842	1,805	1,782	1,755	1,715
Rio Grande	2,730	2,477	2,219	1,930	1,897	1,877	1,834
Seedskadee Project	1,217	1,172	1,169	1,145	1,131	1,114	1,088
Dolores Project	2,920	2,873	2,864	2,807	2,773	2,731	2,667
Other 12/	498	0	0	0	0	0	0
<b>TOTAL</b>	<b>\$799,764</b>	<b>\$820,093</b>	<b>\$825,941</b>	<b>\$811,976</b>	<b>\$800,589</b>	<b>\$785,303</b>	<b>\$765,247</b>

FOOTNOTES ON NEXT PAGE



- 1/ All project amounts are based on FY 1995 Final Power Repayment Studies (PRS) except for Colorado River Basin Project revenues which are based on estimated projections since no PRS is prepared. Starting in FY 1998, Western will set rates, consistent with current law, to begin to recover the full cost of the Civil Service Retirement System and Post-Retirement Health Benefits for its employees that have not been recovered in the past. The estimated increase in receipts to the Treasury is \$8 million annually. The revenues shown for FY 1998 and beyond reflect the net amount of the \$8 million increase offset by a reduced level of expenditures in support of the Administration's goal to reach a balanced budget by FY 2002. Since revenue estimates are based on the budget request, with more controlled expenditures there will be less cost to recover.
- 2/ FY 1996 is the start of interest and principal payments for the Hoover Dam visitor's center; however, revenues do not reflect the increase until FY 1997. Revenues include water sales and visitor fees. Fluctuations in other years are due to changes in uprater credit payments.
- 3/ The FY 1995 PRS projected increased revenues due to rate increases in FY 1997 and FY 1998. However, due to continued efforts to reduce total costs, both rates and revenues may be expected to decrease instead.
- 4/ Western has contractually agreed for the Salt River Project (SRP) to act as the scheduling entity and operating agent for the Central Arizona Project's (CAP) portion of the Navajo generating stations output (547 MW). In return, as Western retains marketing responsibility, SRP agreed to pay a monthly fixed and variable cost. This revenue meets CAP repayment requirements.
- 5/ Total revenues for FY 1996 were \$3.2 million; however an audit adjustment to correct misstated FY 1992 revenues decreases reported revenues to the amount shown.
- 6/ The increase in FY 1997 reflects additional revenue from the Mead-Phoenix and Mead-Adelanto Projects which went into service on April 16, 1996.
- 7/ Revenues for FY 1996 were lower than estimated since Western implemented an energy banking arrangement whereby transactions are recorded as energy and not as cash transactions. The remaining variance to the projected revenue resulted largely from Western over-estimating third-party firm transmission revenue.
- 8/ FY 1996 revenues are higher due to downstream flooding in FY 1995. This delayed the timing of surplus sales until FY 1996. The decrease in revenue for FY 2002 is related to the projection of Corps generation, which, by FY 2002, results in reduced energy available for surplus sales from the mainstem system.
- 9/ Revenues increase in FY 1997 to reflect an audit adjustment.
- 10/ Generation from Washoe's powerplant, over that used for project use service, was sold as nonfirm power to only one customer, at market-based rates, in FY 1996. Outyear estimates are based on power being sold at a cost recovery rate, which is not always achievable.
- 11/ Revenues decrease beginning in FY 1998 due to a decrease in estimated purchased power cost.
- 12/ "Other" is identified separately for FY 1996 to correspond with Western's financial statement. It represents miscellaneous receipts that cannot be identified to a specific project.

**DEPARTMENT OF ENERGY**  
**FY 1998 CONGRESSIONAL BUDGET REQUEST**  
**WESTERN AREA POWER ADMINISTRATION**  
**ESTIMATE OF ENERGY SALES FOR FY 1996 THROUGH FY 2002 1/**

(in gigawatthours) 2/

<u>PROJECT</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
Boulder Canyon Project 3/	3,834	4,037	4,063	4,080	4,079	4,527	4,527
Central Valley Project 4/	7,698	7,705	7,712	7,715	7,723	7,779	7,839
Colorado River Basin Project (Navajo) 5/	4,116	4,116	4,116	4,116	4,116	4,116	4,116
Falcon-Amistad Project	373	373	373	373	373	373	373
Fryingpan-Arkansas Project	52	52	52	52	52	52	52
Pacific Northwest-Southwest Intertie 6/	0	0	0	0	0	0	0
Parker-Davis Project	1,335	1,335	1,335	1,335	1,335	1,335	1,335
Pick-Sloan Missouri Basin Program 7/	13,389	12,552	12,531	12,510	12,530	12,460	12,045
Provo River Project	19	21	22	23	23	23	23
Washoe Project	10	10	10	10	10	10	10
Colorado River Storage Project	5,561	5,686	5,728	5,757	5,853	5,887	5,913
Collbran Project	51	52	52	52	52	52	52
Rio Grande Project	122	110	99	88	88	88	88
Seedskadee Project	50	50	50	50	50	50	50
Dolores Project	<u>18</u>	<u>18</u>	<u>18</u>	<u>18</u>	<u>18</u>	<u>18</u>	<u>18</u>
Total	36,628	36,117	36,161	36,179	36,302	36,770	36,441

FOOTNOTES ON NEXT PAGE

- 1/ All project amounts are based on FY 1995 Final Power Repayment Studies (PRS) except for Colorado River Basin Project revenues which are based on estimated projections since no PRS is prepared.
- 2/ One gigawatthour (GWH) equals one million kilowatthours (kWh).
- 3/ Energy sales increase in FY 1997 due to projected water conditions at Hoover Powerplant.
- 4/ Estimate includes sales into the PG&E EA2 account.
- 5/ Western entered into a long-term marketing agreement with Salt River Project (SRP) on June 1, 1994, under which all surplus Navajo energy is marketed to SRP. Under the terms of this sale, SRP now has the right to use the remaining surplus Navajo energy for scheduling and integration with the SRP system.
- 6/ Pacific Northwest-Southwest Intertie shows no energy sales, but reflects revenues from the transmission of energy (refer to the table of "Revenues for FY 1996 through FY 2002"). The Intertie Project is for transmission of energy only.
- 7/ Energy sales were above average in FY 1996 due to improved water conditions. The decrease in FY 2001 and FY 2002 is related to the projection of Corps generation, which by FY 2002, results in reduced energy available for surplus sales from the mainstem system.

**DEPARTMENT OF ENERGY**  
**FY 1998 CONGRESSIONAL BUDGET REQUEST**  
**WESTERN AREA POWER ADMINISTRATION**  
(dollars in thousands)

**ESTIMATE OF PROPRIETARY RECEIPTS**

<u>ACTIVITY</u>	<u>ACTUAL FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
Falcon Amistad Maintenance Fund 895178	\$ 3,230	\$ 3,562	\$ 3,562	\$ 3,562	\$ 3,562	\$ 3,562	\$ 3,562
Transfer from 895178 to U. S. Treasury	- 4,743	-2,400	-2,400	-2,400	-2,400	-2,400	-2,400
Sale of Power and Other Utilities Not Otherwise Classified, 892249	49,573	42,500	42,500	42,500	42,500	42,500	42,500
Sale of Power - Western Area Power Administration- Reclamation Fund, 895000.27 1/	<u>353,580</u>	<u>329,372</u>	<u>358,867</u>	<u>350,666</u>	<u>341,760</u>	<u>340,817</u>	<u>316,172</u>
Total Proprietary Receipts	\$401,640	\$373,034	\$402,529	\$394,328	\$385,422	\$384,479	\$359,834

1/ Starting in FY 1998, Western will set rates, consistent with current law, to begin to recover the full cost of the Civil Service Retirement System and Post-Retirement Health Benefits for its employees that have not been recovered in the past. The estimated increase in receipts to the Treasury is \$8 million annually. The receipts reflect the net amount of the \$8 million increase offset by a reduced level of expenditures in support of the Administration's goal to reach a balanced budget by FY 2002. Since receipt estimates are based on the budget request, with more controlled expenditures there will be less costs to recover.

**DEPARTMENT OF ENERGY  
FY 1998 CONGRESSIONAL BUDGET REQUEST  
WESTERN AREA POWER ADMINISTRATION**

**PENDING LITIGATION**

City of Tacoma v. Hazel O'Leary, Secretary of the United States Department of Energy, No. C96-5699RJB (W. D. Wash., filed July 22, 1996). This dispute arose from Western's decision to issue a notice to terminate a purchase power contract with the City of Tacoma. Tacoma filed a lawsuit alleging that Western violated the Administrative Procedure Act. The City alleges that Western violated the Act by: (1) exceeding its authority under the Reclamation Laws and Energy Act; (2) failing to consider the effects that terminating the purchase power contract would have on the economic well being of the City and its utilities; (3) exceeding its authority under the contract; and (4) failing to consider all relevant factors in making the decision to terminate the contract. Both parties have moved for summary judgment. Western will stop taking service under this contract on February 1, 1997, unless the court issues a temporary restraining order.